



**DEPARTMENT OF THE AIR FORCE**  
WASHINGTON, DC

13 AUG 2003

Office of the Assistant Secretary

**SAF/IEI**  
**1665 Air Force Pentagon**  
**Washington, DC 20330-1665**

**The Honorable Duncan Hunter**  
**Chairman, Committee on Armed Services**  
**United States House of Representatives**  
**Washington, DC 20515-6035**

**Dear Mr. Chairman**

**I am notifying you of the Department of the Air Force's intent to transfer funds appropriated for Air Force military family housing construction at Patrick Air Force Base, Florida, and Dover Air Force Base, Delaware, into the DoD Family Housing Improvement Fund. This transfer is being made pursuant to 10 U.S.C. §§ 2871 - 2885. The Under Secretary of Defense (Comptroller) will notify the Committees separately of the transfer of funds into the Family Housing Improvement Fund in conjunction with this action. A summary of the transaction is attached for your information.**

**The Deputy Under Secretary of Defense (Installations and Environment) concurs with this notification.**

**The Air Force intends to transfer the funds no sooner than 45 days after the Congressional notifications.**

**A similar letter has been sent to the Ranking Minority Member of your Committee and to the Chairman and Ranking Minority Member of the Senate Armed Services Committee.**

**Sincerely**

A handwritten signature in black ink, appearing to read "Fred W. Kuhn".

**FRED W. KUHN**  
**Deputy Assistant Secretary of the Air Force**  
**(Installations)**

**Attachment:**  
**Transaction Summary**

## **MILITARY HOUSING PRIVATIZATION INITIATIVE AIR FORCE TRANSACTION SUMMARY**

### **INSTALLATIONS:**

Patrick AFB, FL, and Dover AFB, DE

### **SCOPE:**

Patrick and Dover AFBs were two of the Air Force's pilot projects in privatization but encountered numerous delays in concept development. Patrick's project was expected to be awarded before the end of FY03 but has been delayed by a court challenge. A transfer of the MILCON funding will permit those funds to be available when needed, pending the outcome of the court case. The Dover project is currently being reevaluated in light of a recent validation of housing requirements. Plans are to insert Dover back into the privatization concept approval process in the near future as a whole-base project.

The USAF proposes to move funds previously authorized for these projects into the DoD Family Housing Improvement Fund (FHIF) to reserve them for future housing privatization efforts. Appropriate approvals will be obtained for actual use of the funds. These funds are needed to bring future privatization projects to closure. Unlike traditional MILCON, privatization projects are subject to interest rate changes which may increase scored costs beyond what has been appropriated. These funds will provide the flexibility needed to close projects.

### **AUTHORIZATION:**

**10 U.S.C. Section 2883, Department of Defense Housing Funds.** A transfer of appropriated funds to the DoD Family Housing Improvement Fund will be required.

### **JUSTIFICATION:**

This transaction will reserve funds which will be used to provide military families access to safe, quality, affordable housing.

### **FUNDS REQUIRED:**

The unallocated funds previously authorized for Patrick AFB's (\$9.692M) and Dover AFB's (\$8.998M) planned privatization ventures, will be transferred to the FHIF. The actual use of this total of \$18.690M will be subject to required project approval processes.

### **SOURCE OF AVAILABLE FUNDS:**

Air Force funds available to cover requirements of this transaction are:

FY99 MFH CONSTRUCTION for Patrick AFB, Florida: \$9.692M

FY99 MFH CONSTRUCTION for Dover AFB, Delaware: \$8.998M